

## Message Text

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PAGE 01 BAGHDA 00147 291138 Z

43

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ADP-00 CIAE-00 DODE-00 PM-09

H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-14 USIA-12 COME-00 TRSE-00 INT-08 OMB-01 OEP-01

OPIC-12 CIEP-02 AID-20 IO-12 FRB-02 XMB-07 RSR-01

/178 W

----- 052660

R 270825 Z MAR 73

FM USINT BAGHDAD

TO SECSTATE WASHDC 230

INFO AMEMBASSY BEIRUT

AMEMBASSY LONDON

AMFNBASSY PARIS 43

AMEMBASSY THE HAGUE

C O N F I D E N T I A L BAGHDAD 0147

E. O. 11652: GDS

TAGS: ENRG, ETRN, LE, IZ, US

SUBJ: LEBANON' S TAKEOVER OF IPC

REF: BEIRUT 3016

1. INFO AVAIL TO USINT FULLY SUPPORTS EMBASSY BEIRUT  
CONCLUSION IN REFTTEL THAT GOL TAKEOVER OF IPC LEBANON WAS TO  
PREVENT IRAQI TAKEOVER OF PIPELINE AND TERMINAL. DURING IPC  
NEGOTIATIONS IN BAGHDAD SALE TO IRAQ OF IPC PIPELINE AND TERMINAL  
HAD BEEN TABLED AND, DESPITE EXPLICIT INSTRUCTIONS OF SHARE-  
HOLDERS, DUROC DANNER WAS UNABLE TO GET IT OFF TABLE IN FACE OF  
STRONG IRAQI INSISTANCE. FINALLY, SHAREHOLDERS RELUCTANTLY WENT  
ALONG WITH PROVISION FOR SAL TO IRSD A SIDE- LETTER THAT SET

VALUE AT 200,000 BARRELS OF OIL. ( BAGHDAD 76,86,100)

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PAGE 02 BAGHDA 00147 291138 Z

2. IPC NEGOTIATIONS IN BAGHDAD WERE AWARE THAT THIS PART OF AGREEMENT WOULD PUT LEBANON IN IMPOSSIBLE POSITION VIOQHA- VIS IRAQWG BUO SETTLEMSUT WAS CONSIDERED OF SUFFICIENT PPORTANCE TO RISK LEBANESE ANGER. IT WAS TO ASSUAGE LEBANESE FEELINGS THAT DUROC DANNER LEFT FOR BEIRUT MAR 1 IMMEDIATELY AFTER SIGNING TO MEET WITH PRESIDENT FRANGIE. I DO NMM KNOW IF MEETING TOOK PLACE.

3. IRAQIS ARE BELIEVE TO HAVE WANTED PIPELINE AND TERMINAL FOR ECONOMIC SECURITY AND AS POLITICAL WEAPON FOR USE IN NORTHERN LEBANON. ALTHOUGH IRAQIS KNEW GOL WOULD BE MOST RELUCTANT TO HAVE IRAQ OWN THESE FACILITIES, THEY NO DOUBT FELT THEY WERE IN STRONG POSITION DUE TO LEBANON'S FAILURE TO SEIZE PIPELINE EARLIER SO NATIONALIZED OIL COULD FLOW. THIS POSITION, PLUS LESS SAVORY PRESSURES, MIGHT BE PERSUASIVE. WHEN LEBANON REFUSED AND DID WHAT IT HAD TO DO, GOI TOOK BOYCOTT MEASURES TO SHOW ITS DISPLEASURE.

4. FROM VERY LIMITED PERSPECTIVE OF BAGHDAD, I BELIEVE USG SHOULD THANK LEBANESE FOR BLOCKING IRAQI POWER PLAY TO GAIN OWNERSHIP OF THESE STRATEGIC FACILITIES. IT ALSO SEEMS TO ME THAT IPC SHARE-HOLDERS SHOWED CONSIDERABLE AUDACITY IN REQUESTING PARENT GOVTS TO MAKE REPRESENTATIONS ON THEIR BEHALF TO A FRIENDLY GOVT WHOSE INTERESTS THEY HAD, BY THEIR OWN ADMISSION, DISREGARDED BECAUSE OF LARGER INTERESTS AT STAKE IN ANOTHER COUNTRY.  
LOWRIE

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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